

**Use Blue Ink Only**

Time : 03:00:00 Hrs

Total Marks : 200

15 x 1 = 15

**Part A Fill Up**

- 1) Interest on capital is debited in \_\_\_\_\_ account.
- 2) Provision for Bad and Doubtful debts is deducted from \_\_\_\_\_ in the Balance sheet.
- 3) Trial Balance shows bank loan Rs.4,00,000 @ 10% on 1.4.03, Interest paid Rs.14,000. Interest outstanding is \_\_\_\_\_
- 4) A statement of affairs resembles a \_\_\_\_\_.
- 5) The total assets of a proprietor are Rs.5,00,000. His liabilities Rs.3,50,000. Then his capital in the business is \_\_\_\_\_.
- 6) Under \_\_\_\_\_ method, depreciation is calculated on the book value of the asset each year.
- 7) \_\_\_\_\_ method of depreciation is suitable for special type of asset like Loose tools.
- 8) Ratio helps in \_\_\_\_\_ forecasting.
- 9) Liquid liabilities is Rs.1,00,000. Bank overdraft is Rs.30,000 then current liabilities is Rs. ....
- 10) There are \_\_\_\_\_ methods by which a cash budget is prepared.
- 11) The profits and losses of the business will be shared among the partners in the \_\_\_\_\_ ratio.
- 12) The revaluation profit or loss is transferred to the old partners' capital accounts, in their \_\_\_\_\_.
- 13) At the time of retirement, the revaluation profits of business will be shared by \_\_\_\_\_ partners.
- 14) Nominal capital is the capital mentioned in the \_\_\_\_\_ of the company.
- 15) Pro-rata allotment will arise only when there is ..... of shares.

**Part B Choose the Best**

15 x 1 = 15

- 16) All the items given in the adjustment will appear at \_\_\_\_\_ in the Final accounts.  
(a) Three places (b) Two places (c) One Place
- 17) As per trial balance debtors is Rs.10,500. In the adjustment, bad debts written off Rs.500 is given. The amount to be shown in the assets side is \_\_\_\_\_  
(a) Rs.11,000 (b) Rs.10,000 (c) Rs.500
- 18) Credit sales is obtained from  
(a) Bills Receivable account (b) Total debtors account (c) Total creditors account
- 19) Debtors on 1st April 2004, Rs.20,000 and 31st March 2005 Rs.30,000. Cash received from debtors during the year Rs.60,000. Credit sales made during the year is.....  
(a) Rs.70,000 (b) Rs.90,000 (c) Rs.50,000
- 20) Under diminishing balance method, depreciation  
(a) decreases every year (b) increases every year (c) constant every year
- 21) Cost price of an asset is Rs.10,000. Selling price of the asset is Rs.9,000. Book value of asset on the date of sale is Rs.8,500. It denotes \_\_\_\_\_  
(a) profit Rs.500 (b) loss Rs.500 (c) profit Rs.1,000
- 22) All solvency ratios are expressed in terms of  
(a) Proportion (b) Times (c) Percentage
- 23) Cost of goods sold is Rs.4,00,000 and average stock is Rs.80,000. Stock turnover ratio will be  
(a) 5 times (b) 4 times (c) 7 times
- 24) Cash budget deals with  
(a) Estimated cash receipts (b) Estimated cash payments  
(c) Estimated cash receipts & Estimated cash payments

- 25) Under fixed capital system, the profits and losses of partners will be transferred to their \_\_\_\_\_ account  
 (a) current (b) drawings (c) both
- 26) On admission of a partner if goodwill account is to be raised this should be debited to  
 (a) Partners' capital account (b) Goodwill account (c) Revaluation account
- 27) \_\_\_\_\_ ratio is calculated by taking out the difference between new profit sharing ratio and old profit sharing ratio.  
 (a) Gaining (b) Capital (c) Sacrifice
- 28) According to Table A, interest charged on calls-in-arrears is \_\_\_\_\_ %.  
 (a) 4% (b) 5% (c) 6%
- 29) Capital Reserve is shown on the \_\_\_\_\_ side of Balance Sheet.  
 (a) Asset (b) Liability (c) Both
- 30) If 50,000 shares of Rs.10 each subscribed by public of which Rs.6 per share has been called up, then total amount of uncalled capital is.....  
 (a) 3,00,000 (b) 2,00,000 (c) 5,00,000

**Part B Answer Any Ten Only**

10 x 5 = 50

- 31) What is prepaid expense?
- 32) Define Single Entry System.
- 33) Write notes on 'Effluxion of time'.
- 34) Explain solvency ratios.
- 35) Define Budget.
- 36) What is new profit ratio on retirement of a partner?
- 37) What is forfeiture of shares?
- 38) As per trial balance (31.3.05) capital is Rs.3,00,000. Provide 5% interest on capital. Pass adjusting entry and transfer entry.
- 39) Calculate the missing information from the following
- |   | RS    |
|---|-------|
| Profit made during the year                   | 4,800 |
| Capital at the end                            | ?     |
| Additional Capital introduced during the year | 4,000 |
| Drawings                                      | 2,400 |
| Capital in the beginning                      | 9,600 |
- 40) Find out the rate of depreciation under straight line method:
- |                        |              |
|------------------------|--------------|
| Cost of the plant      | Rs. 2,30,000 |
| Installation charges   | Rs. 20,000   |
| Expected life in years | 10 years     |
| Scrap value            | Rs. 50,000   |
- 41) The cost of goods sold is Rs.5,00,000. The opening stock is Rs.40,000 and Closing stock is Rs.60,000. Find out stock turnover ratio.
- 42) The opening balance of cash in January 2002 is Rs.1,50,000. The estimated cash receipts are Rs.50,000 and the estimated cash payments are Rs.30,000. What is the opening balance of cash in February 2002?
- 43) Ravi and Raghu started business on April 1, 2003 with capitals of Rs. 90,000 and Rs. 70,000 respectively. Ravi introduced Rs.10,000 as additional capital on July 1, 2003. Interest on capital is to be allowed @ 10%. Calculate the interest payable to Ravi and Raghu for the year ending March 31, 2004.
- 44) Anitha company issued 50,000 preference shares of Rs.10 each at premium of Rs.3. Give journal entry.

**Part C Answer Any Five and Question No 45 Is Compulsory**

5 x 12 = 60

45)a) The trial balance shows as 31st March 2002, sundry debtors Rs.1,25,000

Adjustments:

1. Bad debts to be written off Rs.5,000
2. Provide @ 5% provision for bad and doubtful debts and
3. Provide @ 2% provision for discount on debtors.

Pass entries and show how these items will appear in the final accounts.

(OR)

b) Mrs.Vanitha keeps her books on singly entry basis. Find out the profit or loss made for the period ending 31.3.2004.

Assets & Liabilities 1.4.2003 31.3.2004

	Rs.	Rs.
Bank Balance	3,500(Cr.)	4,500(Dr.)
Cash on hand	200	300
Stock	3,000	4,000
Sundry Debtors	8,500	7,600
Plant	20,000	20,000
Furniture	10,000	10,000
Sundry Creditors	15,000	18,000

Mrs.Vanitha has withdrawn Rs.10,000 for her personal use and had introduced fresh capital of Rs.4,000. A provision of 5% on debtors is necessary. Write off depreciation on plant 10% and furniture at 15%.

46) What are the causes of depreciation?

47) Enumerate the steps in the preparation of cash budget.

48) What are the factors affecting goodwill?

49) A company purchased a plant on 1.4.2000 for Rs.2,40,000. After three years the plant was sold for Rs.1,50,000. The firm charges depreciation at the rate of 10% per annum on straight line method. Accounts are closed on 31st March every year.

50) From the following, you are required to calculate liquidity ratios.

Debtors	Rs. 5,000	Creditors	Rs. 4,000
Cash in hand	Rs. 4,000	Bills payable	Rs. 3,000
Cash at Bank	Rs. 6,000	Outstanding expenses	Rs. 250
Short term investments	Rs. 2,000	Bills receivable	Rs. 3,000
Prepaid expenses	Rs. 1,000	Closing stock	Rs. 8,000

51) Elavarasan and Amudharasan are partners with capitals of Rs.1,50,000 and Rs.1,00,000 respectively on 1st April 2004. The Trading profit for the year ended 31st March, 2005 was Rs.60,000. Interest on capital is to be allowed at 6% per annum. Amudharasan entitled to a salary of Rs.15,000 per annum. The drawings of the partners were Elavarasan Rs.15,000 and Amudharasan Rs.10,000; The interest on drawings are Elavarasan Rs.500 and Amudharasan Rs.250. Assuming that Elavarasan and Amudharasan are equal partners, prepare the profit and Loss Appropriation Account and the Capital Accounts as on 31st March, 2005.

52) Divya Textiles Limited forfeited 500 equity shares of face value of Rs.10 each for non payment of first call of rs.2 per share and final call of Rs.3 per share. 300 of these shares were subsequently reissued to Kavya at Rs.6 per share fully paid up. Pass necessary journal entries and also prepare ledger accounts.

**Part D Answer Any Three and Question No 53 is Compulsory**

3 x 20 = 60

53)a) From the following information, prepare Trading and Profit and Loss account and a Balance Sheet as on 31.3.98.

	As on 1.4.1997	Rs.	As on 31.3.1998	Rs.
Sundry creditors		37,500		43,750
Furniture		2,500		2,500
Cash		6,250		10,000
Sundry debtors		62,500		87,500
Stock		25,000		12,500

**OTHER DETAILS :**

Drawings	Rs.	10,000
Discount received	Rs.	3,750
Discount allowed	Rs.	2,500
Cash received from Sundry debtors	Rs.	1,35,000
Cash paid to creditors	Rs.	1,12,500
Sales returns	Rs.	3,750
Purchase returns	Rs.	1,250
Salaries paid	Rs.	1,250
Sundry expenses paid	Rs.	7,500
Charge depreciation on furniture		5%

(OR)

b) Prasanna and Nirmala were partners sharing profit and loss in the ratio of 7:5. Their Balance Sheet as on 31st December, 1994 is as under:

Liabilities	Rs.	Assets	Rs.
<b>Capitals :</b>		Land & Buildings	80,000
Prasanna : 60,000		Plant & Machinery	20,000
Nirmala : 50,000	1,10,000	Investments	40,000
Reserve fund	20,000	Stock	22,000
Sundry creditors	32,000	Sundry Debtors 10,000	
Bills Payable	13,600	<b>Less : Provision</b>	
		for doubtful debts 400	9,600
		cash	4,000
	1,75,600		1,75,600

They decided to admit Parimala into the partnership with effect from 1st January, 1994 on the following terms. (a) Parimala shall bring in a capital of Rs.40,000 for 1/3rd share of profits (b) Goodwill of the firm was valued at Rs.72,000. (c) Land was to be revalued at Rs.90,000 and investments Rs.50,000. (d) Stock was to be written down by Rs.4,000 (e) Provision for doubtful debts was to be increased Rs.600. (f) Creditors includes Rs.1,000 no longer payable and this sum was to be written off. Show revaluation account, capital accounts of partners and the Balance Sheet of the reconstituted partnership.

- 54) From the undermentioned Trial Balance of Mr.Saleem as on 31.12.2001, prepare Trading and Profit and Loss Account for the year ended 31.12.2001 and Balance sheet as on that date.

<b>Trial Balance</b>			
<b>Debit Balances</b>	<b>Rs.</b>	<b>Credit Balances</b>	<b>Rs.</b>
Cash in hand	1,500	Capital	80,000
Purchases	1,20,000	Bank loan@ 4%	20,000
Opening stock	40,000	Bills payable	25,000
Sundry Debtors	60,000	Sundry Creditors	25,000
Plant and Machinery	50,000	Sales	2,00,000
Furniture	20,000	Provision for bad & doubtful debts	1,500
Bills receivable	15,000	Interest	1,000
Rent and Taxes	10,000		
Wages	16,000		
Salaries	20,000		
	3,52,500		3,52,500

**Additional information supplied:** (i) Closing stock Rs. 50,000 (ii) Provide for outstanding liabilities.

Rent and taxes Rs.2,000

Wages Rs.3,000

Salaries Rs.4,000

(iii) Depreciation on Plant and Machinery @ 5% and on furniture @ 10%. (iv) Provide 4% interest on Bank loan. (v) Write off bad debts Rs.2,000

- 55) Calculate Current Ratio, Liquid ratio, Absolute liquid ratio, Debtors turnover and Creditors turnover ratio from the following Balance Sheet

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Equity Share Capital	55,000	Land & Buildings	20,000
Preference share capital	15,000	Plant & Machinery	22,000
General Reserve	25,000	Furniture & Fixtures	3,000
Debentures	35,000	Stock	47,000
Bills payable	3,000	Bills receivable	10,000
Bank overdraft	3,000	Debtors	23,000
Creditors	8,000	Short term investments	5,000
Outstanding expenses	6,000	Prepaid expenses	1,000
	1,50,000	Cash	19,000
			1,50,000

**Addition information:**

Credit Sales Rs.1,65,000      Credit purchases Rs.44,000

- 56) From the following information prepare cash budget for February and March 2005

Particulars	January	February	March
	Rs	Rs	Rs
Cash Purchases	1,50,000	1,00,000	1,50,000
Cash sales	1,40,000	1,52,500	2,37,500
Credit Purchases	52,500	1,32,500	1,62,500
Credit Sales	1,67,500	1,62,500	2,00,000
Expenses	35,000	40,000	35,000

1) Estimated opening cash balance on 1st February is Rs.30,000.

2) Credit allowed by suppliers and credit allowed to customers is one month.

3) Expenses are payable in the same months.

4) Dividend receivable in February Rs.18,000

5) Commission payable in March Rs.1,00,000

- 57) Moon Ltd. offered for subscription 20,000 shares of Rs.10 each payable

Rs.2 on application

Rs.3 on allotment

Rs. 3 on first call and

Rs.2 on final call Application were received for 30,000 shares. Applications for 5,000 shares were rejected. Application money for other 5,000 shares was applied towards the amount due on allotment. The balance money was received in due time. Pass journal entries.